

TAB

Deputy to the DCI
for Resource Management

Pat

October 29, 1980

NOTE FOR: D/PBO
D/PAO ✓
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D/CLLS
D/IRO
C/AS
C/DSG

25X1 FROM:

ab
[Redacted]

SUBJECT: Misuse of DCID 1/2

Attached is the paper prepared by Ed Proctor on DCID 1/2 to which I referred at the staff meeting. The entire question of requirements and priorities is something I would like to address at one of our longer staff meetings when the budget review is finished.

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MISUSE OF DCID 1/2 AND ITS ATTACHMENT

October 1980

There have been several attempts to assess the allocation of NFIP resources solely on the basis of the priority ratings in the Attachment to DCID 1/2. The basic assumption of most of these attempts is that the amount of NFIP resources allocated to various geotopical categories should be related in some mathematical way to the priorities assigned to these categories in the Attachment. In one case the implied assumption was that the rank order of the resources allocated to a category should be the same as the rank order of the priorities in the Attachment. In another case, the assumption was that the weighted index of priorities by region should be proportional to the country's share of NFIP resources. In yet another case, the rank order of indexes of combined priorities were tested separately against the rank orders of resources allocated to collection, resources allocated to production, the numbers of information reports added to Aegis, the number of finished intelligence reports produced, and the number of current intelligence reports produced.

The priorities presented in the Attachment are not meant to be used in this way.

First, the priorities in the Attachment alone are not a directive as to the rank order in which resources should be allocated to the various geotopical categories. Instead, these priorities reflect an attempt to measure the order of importance of these categories to U.S. national interest. This is stated quite clearly in DCID 1/2 as follows:

The current requirements categories and priorities set forth in the attachment reflect solely the relative importance of topical information on foreign countries to the policy formulation, planning and operations of the National Security Council, its members, and other Federal organizations.

Second, a detailed examination of the priorities assigned to some geotopical categories reflects the fallacy of assuming strict parallelism between the order of priorities and the order of resource allocation. For example, the fact that [redacted] key developing countries is rated Priority 2 does not mean that fewer NFIP resources should be allocated to intelligence on such Priority 3 categories as Soviet relations with Eastern European countries, the stability and growth of the Soviet economy, or Soviet agricultural policies and food supplies. Other important factors must also be considered in allocating NFIP resources.

This is clearly recognized in DCID 1/2 which states categorically that the "priorities are applicable to the operations, planning and programming, for the allocation and utilization of intelligence resources only in conjunction with other essential considerations, such as:

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- (1) The adequacy of information and intelligence already available.
- (2) The feasible means of acquiring or producing needed additional intelligence.
- (3) The level of effectiveness of current resources, and
- (4) The expected impact of more or fewer resources."

Third, a corollary to this statement is that the rank orders of the allocation of resources to the functions of collection, processing and production need not be the same nor need each be in the same rank order as the priorities in the Attachment. This follows, for example, from the possibility that in some cases the NFIP cost of production may be significant but the information may be available publicly or the cost of collection may be funded from outside the NFIP.

Fourth, the attempt in some studies to combine the various priorities into a single index number for a group of countries or subjects involves either the assumption that a weighting system can be developed that will equate, for example, a given number of Priority 5's to one Priority 1 or that there is a wide range of weighting systems which will produce rankings that are quite similar to each other. It is difficult to harmonize these assumptions with the literal definitions of the priorities. It can be argued that there is no number of Priority 5 items (intelligence of moderate importance to U.S. political, economic, and military interests) that can be equated to one Priority 1 (intelligence vital to U.S. national survival).

Finally, the assumption that there should be some sort of mathematical relationship between the priority of a geotopolical category and the share of NFIP resources allocated to it manifests itself in the form of proportionality. The economics of the allocation of resources (as well as ZBB) is in terms of the value of returns from additional increments of resources. There is no inherent reason for this kind of calculus to result in proportionality between the priorities of categories and the total resources allocated to them.